

Western Carolinian.

It is even wise to abstain from laws, which however wise and good in themselves, have the semblance of inequality which find no response in the heart of the citizen, and which will be created with their own hands.

The wisdom of legislation is especially seen in grafting laws on conscience.

[BY BURTON CRAIG]

SALISBURY, ROWAN COUNTY, N. C. MONDAY JULY 10, 1833.

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EDITORIAL.

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SPEECH OF

MR. McDUFFIE, OF S. CAROLINA,

On the bill proposing a reduction of the duties on imports. Delivered in the House of Representatives, May 28, 1832.

(CONTINUED.)

We have, thus far, considered this question only as it affects the relative interests of the contending parties; let us now examine it in reference to the infinitely more important consideration of their rights. And here the difference between the claims of the southern planters and the northern manufacturers, is too obvious to escape the dullest perception. No one will venture to maintain that the planters claim any to which they have not a natural and indefeasible right. They do not ask government to give them any aid of any kind; they only ask that it will let them alone, while honestly employed in the pursuit of happiness. Have they not, for example, a natural right to produce cotton, tobacco, and rice? Have they not the same natural right to sell it whenever they can do it most advantageously, whether at home or abroad, involving the right of bringing home, without hindrance or restriction, the commodities obtained by that sale? It is clear, it is self-evident, that, in exercising these natural rights, the planters do not violate the rights of any other class of citizens, however directly they may come in conflict with their interests.

Will any gentleman have the goodness to point out what right of the manufacturer I violate when I carry my cotton to Europe, exchange it for manufactures, and bring them into the United States for the purpose of using them myself, or of selling them to other people? No, sir, it cannot be done. On the other rights of the planters which you violate when you shake their exchanges with restrictions, and encumber them with taxes, in order to benefit the manufacturers—you violate their right of property—the right to make the most they can, in a lawful way, by the productions of their industry.

To what a charter, human or divine, can you appeal for the power of taking away the property of one man for the purpose of giving it to another? No Government on the face of the earth ever had, or can have, the right to exercise such a power, either directly or indirectly, open or in disguise. It really appears to me, that in the evil times on which we have fallen, language has lost its meaning, and that the world is governed by a miserable cant of hypocrisy and deception.

You openly and unblushingly perpetrate plunder, and consecrate the outrage by calling it protection! Do gentlemen understand the import of words? Protection, against what? Is there a band of foreign mercenaries threatening to plunder and lay waste the manufacturing establishments of the north? If there be any such danger to be apprehended, you have only to call upon the generous spirit of the south, and thousands will rally under your standard, prepared to shed the last drop of their blood in defending your rights and repelling the invaders. But there is no foreign army threatening invasion; and I again ask, against what is it that the manufacturers clamor so loud for protection? But one answer can be truly given to this question: they desire to be protected against a fair and equal competition with the productions of southern industry. Involve it, mystify it, disguise it, as you may, "to this complex question it must come at last." The real invaders against whom this clamorous uproar for protection is raised, are the planters of cotton, tobacco, and rice. These are the true rivals of the northern manufacturers, and but for them not a single voice would be heard, from one extremity of this confederacy to the other, calling for protecting laws.

In a report recently submitted to the House by the committee on Manufactures the power of this Government to protect manufactures is placed on a ground entirely new and original. The power to question, sir, is drawn from that part of the constitution which authorizes the imposition of taxes for the purpose of "providing

for the common defence." I give you the very words of the report:—"to provide for the common defence. Defence against what? against whom? Defence against every danger and against every foe: defence against all hostility, and from every evil which may bear upon the general whole community, and menace the general welfare: defence, especially, against all hostility of foreigners, whether in war or in peace; for the hostility of nations to each other is not confined to times of war. The common defence must be provided for as much against commercial rivalry as against warlike invasion; for the spirit of traffic, armed with power, as the experience of mankind has proved, is more insatiable and more grasping than all the Alexanders and Cæsars that ambition has inflicted on the race of man." Now, sir, to say nothing of the solecism of talking about "hostility in time of peace," a thing which I do not exactly comprehend, I cannot recognize that as a part of the international or moral code of civilized nations, which denounces foreign commerce as a public enemy in time of peace, against which an eternal war of extermination is to be waged, by all the powers conferred upon this government, for "the common defence!"

I must admit, however, that this view of the subject exhibits the true character and genius of the protecting system in a more clear, striking, and undisguised form than I have ever before seen it presented. If I know any thing of the history and objects of the federal constitution, its primary end was the protection and defence of foreign commerce against the injustice and violence of foreign nations, and not the protection of one branch of domestic industry, engaged in producing manufactures, against another branch, engaged in producing the exchanges of foreign commerce. It is as great an outrage upon our vernacular language, as it is upon our federal constitution, to call this protection. I will tell you, sir, what, according to my view of the subject, is the only kind of protection which this or any other Government may lawfully extend to the citizens, who owe it allegiance. In this respect, the duty of government is exceedingly plain and simple. The first great protective duty of government, is to defend the country against the injustice or violence of foreign nations. To this end, it is clothed with the power of maintaining fleets and armies. The second great protective duty is, to defend every citizen or inhabitant within its jurisdiction from the injustice or violence of all other citizens or inhabitants. To this end laws are made, and public tribunals are established. If any foreign Government, by an act of violence, or an act of legislation, commits an outrage upon the person or property of an American citizen, it is the duty of this Government, at any reasonable expense of blood or of treasure, to vindicate the right and avenge the wrong. If any citizen perpetrates an act of violence or injustice against the person or property of another, the Government is bound to furnish a remedy for the outrage, by restoring what has been unlawfully taken, or causing indemnity to be made for it.

When these things are accomplished all the protective functions of Government are fulfilled. The moment it goes beyond this point, under the pretence of giving protection, and prostitutes its power to the unlawful purpose of confiscating the property of one class of citizens to give it to another, however sacred the names under which this outrage may be perpetrated, the Government itself becomes the instrument of inflicting the very injustice to prevent which was the great and cardinal purpose of its creation.

That the committee may perceive more distinctly the real object and bearing of this protecting system upon the two great rival interests upon which it operates, I now call their attention to a statistical fact, which, I am sure, will strike every one as being extraordinary.

I have already stated that it was against domestic and not foreign industry that the manufacturers call for protection. But why is it that they need this very high and extravagant protection? Is it because foreign manufactures are purchased with the productions of the southern States, and because these productions are produced by slave labor, which is four times as cheap in the operations of agriculture as the white labor of the northern States. Yes, sir, at this moment, a South Carolina cotton planter in South Carolina, does not earn more than twelve and half cents per day. This is the true and only cause why the manufacturers require the government to interpose its powerful arm to keep down competition. It is, when properly considered, the greatest of all absurdities to suppose that it is against the English manufacturers that this protection is demanded. This is a mere disguise to cover the fraud, and conceal the outrage, perpetrated against the planters.

I would ask the gentlemen from Massachusetts what harm the Manchester manufacturer, with his ten cent calico, could possibly do him, with his calico of the same quality at twenty cents, if there was no domestic production of the United States that could be exchanged in

England for the former? It would be as impossible, Sir, for the man of Manchester to bring his goods into competition with those of the man of Massachusetts, as it would for the batteries of Toulon to be brought to bear successfully on the fortress of Old Point Comfort.

If the southern States were sunk by an earthquake, or if cotton, tobacco, and rice were stricken from the list of natural productions by some revolution in the laws of nature, is there any man here so utterly ignorant of the laws of commerce, as to suppose that the twenty cent calico of Massachusetts would require any protection against the ten cent calico of England? They never could be brought into competition. In what manner, and for what purpose would the Birmingham and Manchester manufacturers bring their goods to the markets of the United States, and what would they obtain in exchange for them? Gentlemen will find this a very puzzling inquiry. With a view to execute our national prejudices against the nations of Europe with whom we trade, and particularly against England, the most valuable of all our customers, it is said that our bread-stuffs are excluded by their corn laws, and that, of the vast amount of our annual exports to those countries from which we receive manufactures, the productions of the northern States amount to a mere bagatelle.

Now, Sir, if England, and the other manufacturing nations of Europe, will not receive any of the productions of the northern States, I beseech gentlemen to inform me how the northern States can require protection against the manufactures of these nations? What higher protection can they desire against foreign manufactures than that which arises from the want of the means of paying for them?

Sir, it has often struck me, as one of the most absurd of those delusions that sometimes come over communities of men, that the northern States should attempt to justify the exclusion of English manufactures upon the ground that England will not receive their grain. This is not the foundation of the protecting system. It is not because England excludes American productions, but because she admits them almost free of duty, that the northern manufacturers demand protection. This system is not designed to do so very absurd a thing as to prevent those from purchasing English manufactures who have not the means of paying for them; but it is designed to prevent those from purchasing who have the means of paying for them, to promote the interest of those who have not.

I am prepared to maintain, before any tribunal of New England farmers that can be organized, that if England would agree to receive the grain of the United States under a moderate revenue duty, it would be impossible for New England to carry on with Old England a commerce consisting of an exchange of the agricultural productions of the former for the manufactures of the latter. When it is known that the price of agricultural labor is much higher in the northern States than it is in any part of the European world, does any one suppose that grain can be produced by such labor, sent abroad under a revenue duty in foreign ports, exchanged for foreign manufactures; and that these can be brought into the United States under another revenue duty, and sold as cheap as domestic manufactures? No, Sir, if England were to abolish her corn laws tomorrow, such a trade could not be carried on. The northern manufacturer could still make goods cheaper than the northern farmer could purchase them abroad. And it is not until the former comes in competition with efficient agricultural labor, operating at 12 1/2 cents a day, and producing one of the most valuable staples of the earth, that he finds it convenient to have his rival put down by act of Congress.

I speak of what I know experimentally, when I say that if the planters of South Carolina were compelled to pay fifty cents a day for the labor they employ on their plantations, they could not afford to produce cotton for less than 20 or 30 cents a pound. If I should attempt to cultivate it at the present prices, by such labor, my whole capital would be exhausted, and I should be utterly impotent in less than ten years. Then, Sir, it is obvious enough that it is the cheap labor of the southern States, and not the cheap labor of foreign countries, against which this exterminating war of prohibition is waged by the whole confederacy of manufacturing interests.

I will now bring the conduct and the claims of our advocates to a test by which every christian combatant should be willing to be tried. I will only ask that they do unto others what they would that others should do unto them. A great deal has been said about compromising this question. Now, in order to see where the true middle ground lies, upon which the contending parties should meet, I will first show you what are the two extremes.

The manufacturers contend that high protecting duties shall be levied, for their benefit, upon the productions of the southern planters. This is one extreme. I will now state the opposite extreme, which precisely corresponds with it. Suppose, then, that the planters of the south were

to allege that they labored under great disadvantages in exchanging their staples for manufactures; that they had to go in to foreign countries, pay heavy expenses in sending their staples abroad, and in bringing back the manufactures obtained for them; from all which expenses the domestic manufacturers were fortunately exempted, having their customers almost at their own doors. And suppose that, to counteract these disadvantages, and to encourage American commerce, they were to invoke the Government to permit them to import foreign manufactures, free of duty, while a protecting excise duty of forty per cent. should be levied for their benefit, upon all the domestic manufactures that came in competition with their imports:—this would be demanding precisely the same protection against the manufacturers which the manufacturers now demand and enjoy against them. I defy any one to draw a sound distinction between them. How, then, would the manufacturers stand affected by having the rule which they have so long applied to others, applied to themselves?

All their manufactures that come in competition with imports would have to pay into the Treasury a duty of forty per cent. to encourage and protect the planting and exporting industry of the south. Would this be, in any respect, more unjust than the present protecting system? Would it not be its perfect counterpart? And who would be injured by these protecting excise duties levied upon northern manufactures? The producers of these manufactures? Oh no! We have been a thousand times told that the producer bears no part of the burthen of a duty levied on his productions, but that the whole burthen falls upon the consumer. If this be true, the manufacturers would sustain no burthen, and have no cause of complaint in consequence of his protecting excise duty. It would fall exclusively on the consumers, and be thus distributed equally all over the Union, as it is alleged of the import duties. If this doctrine is true in one case, it is undoubtedly true in the other. No rule can be true, as I often heard it said when I was studying arithmetic, which will not work both ways. Yet, sir, if we were to apply to the manufacturers the rule which they have applied to the planters: if an excise duty of forty per cent. were levied and collected from their productions, as the import duty now is from the productions of the south, a clamor would be forthwith raised throughout the manufacturing States, like that "universal hubbub" which Milton describes in the infernal regions. A million of voices would cry out, "oppression! desolation! war! vengeance! you have destroyed our manufactures! you have reduced us to beggary!" And, sir, you too the audacious political economist who should dare to stand up amidst the ruins, and attempt to console the manufacturers by assuring them, as the southern people have been so often assured, that they had no cause whatever to complain as producers, for that the whole burthen of the duty must necessarily fall on the consumers. Thus, then, having seen the two extremes, it is easy to find the middle ground of compromise which lies between them. It is this: we say to our adversaries, if you will permit our imported manufactures to come in free of duty, we will permit our domestic manufactures to remain equally exempt from taxation; or, to place it on a footing better suited to the wants of the Government, whatever duty you will consent to have levied on your domestic manufactures we will agree to have levied on our imported manufactures. If this were an original question, I solemnly believe—indeed I know, that this would be the point of equality. It would be as equal as a system of indirect taxation could be rendered. You will perceive, therefore, how liberal is the concession which the bill before you makes to the manufacturing interest, and how far it still is from putting the south upon a footing of equality with the north. One half of the whole scheme will still be a tax upon the productive industry of the south, and a bounty to that of the north.

The moment, Sir, you impose a duty upon the manufactures of the north, you open the eyes of the manufacturers to the absurdity of the doctrines which maintain that the whole burthen of the duty falls upon the consumer. It never was true in any country, or in any condition of trade, that the producers of commodities upon which import or excise duties were levied, could throw the whole burthen of those duties upon the consumers. Even in the state of things most favorable to the result, where the duties are imposed upon the entire quantity of the taxed commodities consumed in the country, the whole burthen cannot be thrown from the producers to the consumers, though the principle part of it undoubtedly would be in most instances. If, for example, on any emergency, an excise duty should be levied upon hats and shoes, do you imagine that the whole burthen of these duties would fall exclusively upon the wearers of hats and shoes? So far from it, the mechanics engaged in producing these manufactures, guided by the unerring instinct of self-interest, would be the very first to complain of these duties as partial and unequal.

And if a political economist should rise up and tell them to make themselves easy, for that no part of the burthen fell upon them as makers of hats and shoes, they would indignantly reject his conclusions as vain philosophy.

But, Sir, if it be true as a general proposition, that all indirect taxes levied upon commodities operate, so some extent, as burthens upon the producers, it is much more obviously the case, and to a much greater extent, where the duties are not equally levied upon the entire quantity of these commodities consumed in the country, but where partial and discriminating duties are levied on the smaller portion only of the national consumption. And such is precisely the condition of things, and the operation of the protecting duties in the U. S.

I will illustrate my view by referring to the actual state of the imports and consumption of the cotton manufactures.

The value of cotton goods produced in the U. S., for sale, at the various manufacturing; may be estimated at twenty-four millions of dollars; the value of similar articles imported from abroad, has been, taking an average of several years, about eight millions of dollars; making the whole mass of cotton manufactures sold and consumed in the U. S. amount to thirty-two millions. In this state of our trade, the Government levies a duty, it will be assumed, of fifty per cent., not upon the whole thirty-two millions worth of cotton manufactures consumed in the country, but only upon the eight millions worth which are imported from foreign countries. And in this state of facts, it is contended that the domestic producers of the imported manufactures—the planters of the south, are not subjected to any peculiar burthen by these discriminating duties upon their productions, but that the whole burthen of the duty is thrown exclusively upon the consumers of cotton goods. Let us examine this proposition, and see to what strange conclusions it would lead us. A duty of fifty per cent. upon the eight millions of imported cotton manufactures, yields a revenue of four millions of dollars, which is paid into the Treasury. Now, if the whole burthen of this duty falls upon the consumers of imported cotton goods, it can only be so by the enhancement of the price of these goods fifty per cent. in the market. But they come into a market where there are also domestic goods of the very same kind to the amount of twenty-four millions.

As it is evident that the imported and domestic articles of the same kind and quality cannot maintain different prices in a common market, it follows that, if the price of the imported commodities is enhanced fifty per cent. by the duties, that of the domestic commodities must rise to precisely the same level. The whole mass of cotton manufactures would thus be enhanced, in price, fifty per cent., by a duty of fifty per cent. levied on only one-fourth part of our consumption; and a tax of four millions of dollars collected and paid into the Treasury, would consequently operate as a burthen of sixteen millions upon the people of the U. S. But this is not the only strange consequence that follows: if the Government were to impose a duty of fifty per cent. equally upon the eight millions of cotton goods imported, and the twenty-four millions made in the U. S., it would not be pretended that this could possibly raise the price of cotton goods more than forty per cent. If, then, the duty upon the eight millions only has the same effect, it establishes the monstrous paradox that a revenue of four millions of dollars levied upon eight millions of productions, is precisely as burthenous to the people as a revenue of sixteen millions of dollars levied upon thirty-two millions of productions! I call upon these gentlemen who maintain that the whole burthen of the duty falls upon the consumer to abandon their theory, or admit these to be its legitimate conclusions. I am aware that the advocates of free trade once maintained these opinions, and hence inferred that the manufacturing States were as much oppressed by the protecting system as any other portion of the Union. But the people of those States, feeling, and seeing, and knowing, that they were in a state of high prosperity, laughed at these mere speculative theories.

The truth is, that when a small portion only of a certain description of commodities is selected for taxation, and a discriminating duty is levied upon that portion, it follows, of necessity, that the greater part of the burthen imposed upon these selected and proscribed articles, must fall upon their producers. My own opinion on this subject is founded upon a principle: that is perfectly clear, but the precise proportion which the consumers and producers respectively bear of the burthen imposed, must be, in some degree, conjectural. Our proposition, however, may be confidently affirmed—the amount of the aggregate burthen imposed upon all the consumers of cotton goods, foreign and domestic, does not exceed the amount of the revenue collected by the Government upon the eight millions which we import from abroad. If these eight millions constituted the whole consumption of the country, it is contended that, even in that case, it would be difficult to transfer the whole burthen of the duty to the consumers. But

when these eight millions of taxed commodities come into a market where they meet the competition of twenty-four millions of the same kind of goods which are not taxed at all, the difficulty of transferring the whole amount of the tax levied is obviously increased. But, admitting that they can be made to pay it, how will it be distributed? It must be equally diffused over the whole thirty-two millions of cotton manufactures consumed in the country. Four millions of dollars, therefore, the amount of levitical impost, will operate as a tax of twelve and a half per cent. on all the consumers of the thirty-two millions of cotton fabrics in the United States. As it is obvious that the consumers of imported cotton manufactures would only bear, in the case stated, a burthen of twelve and a half per cent., it would seem to follow, as a corollary, that the remaining thirty-seven and a half per cent. of the duty paid at the custom house must be laid down as a universal rule, that wherever a duty is levied upon any productions, whatever part of that duty cannot be thrown upon the consumers, must, of necessity, fall on the producer.

These views of the subject, which I have I have very indistinctly presented, bring me to what I regard as a very important topic in this discussion: I allude to the enhancement of value which results from estimating the value of every thing in money, and habitual confounding of the money price with the exchangeable value of all commodities. If the cotton planters, for example, were to carry their cotton to Europe themselves, and exchange it for manufactures without the intervention of commercial agents, and if the Government were to levy the taxes in kind by taking from the planters, I will suppose fifty out of every hundred bales of the goods into which they had converted their cotton, one could fall in to perceive that the system of protecting duties would be as unjust, unequal, and oppressive as the wickedness of man could make it. Yet, nothing can be more certain than that the intervention of commercial agents and of money produces no change whatever, either in the extent or the distribution of the burthen of taxation. I will now attempt to make this demonstrably clear, by analyzing the actual operations of the exchanges of our foreign commerce, and by pointing out the influence of our commercial restrictions upon the relative value of specie and of other commodities.

It is a very common remark among the advocates of the restrictive system, that duties upon imports would be equivalent to duties upon the exports given in exchange for them, if it were true that nothing could be obtained abroad for our exports but the imports which are subject to the duties in question. But, it is not, this is not the case, inasmuch as the cotton planter may import specie in exchange for his cotton, which is subject to no duty at all. Now, the error and delusion of this view of the subject, consist in supposing that specie has a fixed and invariable value as compared with other commodities; whereas, in truth, its relative value is constantly fluctuating, and its influence on commercial restrictions is that of any other article of commerce. Suppose, for the purpose of illustration, that, under a system of perfectly free trade, tea and sugar were imported at precisely the same price, and that, in this state of things, a duty of 50 per cent. should be laid upon the tea, no one would have any difficulty in comprehending the change which would be produced in the relative exchangeable value of these two articles, by subjecting one of them to a duty of 50 per cent., and leaving the other entirely exempt from duty. It is perfectly plain that, when a pound of coffee would purchase a pound of tea, it would afterwards purchase only half a pound of tea. This is a plain illustration applicable to all other articles, or classes of articles, when the one is subjected to a duty from which the other is exempted. No one will be found to dispute so obvious a principle, so long as it is confined to the ordinary commodities of trade; but the moment you propose to apply it to specie, the understanding seems to be confounded and bewildered, owing, perhaps, to the habitual association by which a fixed and unalterable value is attached to specie as the universal equivalent for all other commodities. Against all the fluctuations in the relative prices and exchangeable value of the various articles of commerce, it rarely occurs to any one that a change in the relative value of specie has any agency in producing these fluctuations; yet, most assuredly, specie is subject to the same laws in this respect as any other. If, for example, one hundred dollars in specie would purchase one hundred yards of cloth under a system of free trade in both commodities, and in this state of things, a duty of 50 per cent. should be levied upon the importation of cloth, no proposition can be more liable to dispute, than that one hundred and fifty instead of one hundred dollars would be required to purchase one hundred yards of cloth, after the duty on cloth had been long enough in operation to produce its natural effect upon the exchangeable value of the two articles. The same effect, therefore, in transferring the whole

then of a restriction upon our usual exports by resorting to the importation of specie, would be to degrade the value of specie in the United States, compared with all other articles, excepting the staples of exportation. In other words, the exchangeable value of specie in the United States would be diminished precisely in the degree that the price of other articles would be enhanced by the restriction, and by the consequent importation of specie. To make this plain, I will now suppose that there existed no duty or restriction upon the importation of any foreign production. It is in this state of our laws and our trade, all the duties should be imposed upon foreign manufactures which now constitute the protecting system, and specie continued to be imported free of duty, the first effect of the restriction would be, to suspend the importation of all articles subject to the protecting duties. As the relative prices of these articles in England and the United States would be adapted to a state of free trade, the exporter of cotton would find it more to his advantage, upon the first imposition of the protecting duty, to import specie in exchange for his cotton, and purchase domestic manufactures with it, than to import foreign manufactures under the high duties imposed upon them. This operation would go on until the relative value of manufactures in England and the United States, as compared with specie, should be so far changed that it would be more advantageous for the exporters of cotton to import manufactures, even under the high duties, than to import specie. This change in the relative value of manufactures in the two countries would be produced by the diminution of the quantity of specie in England, and the accumulation of it in the United States. Money would rise in value in England, or, which is the same thing, the money price of things would fall—in a small degree, however, as the quantity of specie exported to the United States would bear a very small proportion to the immense mass of productions in England, and her other markets, in which money is required to circulate. At the same time, the value of specie would fall in the United States, or, which is the same thing, the money price of all commodities, except the staples of exportation, would rise in our market, in a very considerable degree, too, because the increase of money required to circulate American commodities would bear a large proportion to the whole mass of productions. It would be required to circulate, owing to the artificial state of domestic prices created by the protecting duties.

It is immaterial to my purpose to determine the degree, precisely, in which the value of money would be depreciated in England, and depreciated in the United States. The important point to be established is, that the appreciation abroad, and the depreciation at home, united, would produce a considerable change in the value of money as compared with commodities generally, and a change fully equal to the rate of the protecting duties, in the value of money, as compared with the protected articles. If, for example, the average of the protecting duties was fifty per cent., it is plain that a dollar in England, as compared with protected articles, would be worth precisely as much as a dollar and a half in the United States, compared with the same articles. It would require, therefore, fifty per cent. more of the precious metals, or of their substitutes, to circulate a given quantity of protected articles in the United States after the protecting duties were imposed, than it required before. And, until a new distribution and adjustment of the quantity of the precious metals should take place between England and the United States, adapted to the new and artificial state of prices in the two countries, the importation of protected articles from England, which had been suspended by the protecting duties, could not be resumed. After this adjustment should take place, however, the United States would have the precise quantity of specie which she requires in the actual state of her trade, and the adjustment, therefore, would not be temporary, but as permanent as the commercial restrictions which gave rise to it.

Let us now examine the effect which this change in the value of money will produce on the exchangeable value of the great staples of exportation, cotton, tobacco, and rice. As their money price in the United States is notoriously governed by their money price abroad, and as it is evident that their money price cannot be increased by the duties laid upon the imports we receive for them, it may be safely assumed, that the money price of these staples will not be greater in the United States, under a system of protecting duties, than it would be without such a system. In point of fact, even the money price of our staples of exportation is slightly diminished by the protecting system; but I will take it for granted, for the sake of argument, that it is undiminished.

Even upon this assumption, it is apparent that the real price, or, in other words, the exchangeable value of these staples, must be diminished in the United States precisely in the degree that the value of specie is depreciated, as compared with other commodities. If the planters can obtain only the same quantity of specie for their staples, while the price of the whole list of protected articles is enhanced from thirty to fifty per cent., and all other articles in a smaller degree, it is a self-evident proposition that the exchangeable value of cotton, tobacco, and rice, is diminished precisely to the same extent that the average price of all other articles is enhanced by the protecting duties.

Money is of no value, but for the demand it gives to its possessor over the necessities and luxuries of life. It is perfectly absurd, therefore, to deny that the real price, the exchangeable value, of cotton is diminished, because the same number of dollars can be obtained for it,

when it is notorious that it will require one hundred and thirty or one hundred and forty dollars to purchase the same quantity of the comforts of life, that one hundred dollars would purchase, if it were not for the protecting duties. Money is not, in itself, a source of enjoyment. If I could purchase the same amount of enjoyment for one dollar, that I can with ten, I would be precisely as wealthy with ten thousand dollars as I am with one hundred thousand. Nothing but a puerile and contemptible vanity can be gratified by increasing a man's store of gold and silver unless it increases also his command over the various productions of human industry which minister to his wants and his desires.

It is of the utmost importance, therefore, to the true understanding of this subject, that we bear constantly in mind the distinction between the money price and the exchangeable value of cotton, tobacco and rice as they are affected by the protecting system. In the report of the Committee of Ways and Means, it is assumed that the real price or exchangeable value of cotton is diminished at least two cents a pound by the indirect operation of the protecting duties. I confidently believe that the diminution is much greater than even this estimate, which I will now attempt to prove by a plain analysis.

It is agreed that the planter gets no more money for his cotton, and I have granted (contrary to the fact) that he gets as much, as he would if he enjoyed a free trade. Now what are the uses to which the planter can apply his money? If he wishes to purchase cotton or woolen manufactures, he will have to give, upon an average, forty or fifty per cent. more for them in consequence of the protecting duties; and, as a matter of course, in this branch of his exchanges, the value of his money will be proportionately diminished. If he wishes to purchase iron for the purpose of his plantation, he will have to give at least one hundred per cent. more than it would cost, if trade were free, and of course it would require two dollars to purchase what ought to cost but one. If he wishes to purchase iron manufactures, he will have to give twenty-seven and a half per cent.; and, if shoes or hats, thirty-three per cent. more than they would cost him, but for the protecting duties. Applying this course of reasoning to the whole catalogue of protected articles, it will be found, that, upon the great aggregate of the purchases, he has occasion to make of these articles, with the money obtained for his cotton, it will require, upon an average, about forty-five per cent. more than it would cost if the protecting duties were repealed. And here, Sir, it is proper to remark, that these facts clearly indicate a diminution of the real price or exchangeable value of cotton, whether the planter himself actually consumes these various articles which I have enumerated or not. The burden is unalterably fixed upon the planter as a producer; for he is compelled either to import these articles himself, in direct exchange for his cotton, and pay the duties on them out of his own pocket, or to receive money in exchange for his cotton.

If he imports or receives money, he obtains a commodity degraded in value by the very system which compels him to receive it. It is precisely the same thing to him as if he were compelled to receive any other commodity, in like manner degraded in its value. Even, therefore, if he should not wish to lay out more than one-half or one-third of it in protected articles, he must either retain it barren and unproductive in his coffers, or let some other person have it, by whom it would be applied to the purchase of these very protected articles. And as it would be no more valuable in the hands of this third person for purchasing such articles, than it was in the hands of the planter, it is evident that whatever article the planter might receive for it, would be diminished in quantity in exact proportion to the degradation of the value of specie.

So that unless it be assumed that money has an intrinsic value, without any reference to the other commodities it will purchase, it follows that the exchangeable value of cotton is diminished by the protecting system in the exact proportion that the prices of other articles are increased by it.

If, when the planter exchanges his cotton in Liverpool for money, he were permitted to exchange that money for English manufactures, as freely as he is permitted here to exchange it for northern manufactures, he would undoubtedly obtain a much more valuable exchange for his productions. In a word, money which he receives in England, is worth forty or fifty per cent. more than it is here, for all the uses to which he wishes to apply it. But you interpose your protecting duties, and thereby prevent him from using it in England under the heavy penalty of forty or fifty per cent., in order that he may be compelled to bring it into the United States, and apply it to the purchase of domestic manufactures, at prices forty or fifty per cent. higher than they would cost him in England. However it may be disguised, therefore, by the interposition of the various agents by whom the complicated process of the foreign exchange is performed, it is nevertheless certain, that the alternative is presented to the planter, either to exchange his cotton for foreign manufactures, and pay forty or fifty per cent. on the value of them for the privilege of making the exchange, or to exchange it for domestic manufactures, and pay forty or fifty per cent. for them, beyond the price for which the same articles could be obtained from England. Heavy as the penalty is, the planter finds it to their advantage to adopt the former branch of the alternative. Yes, Sir, they find it more advantageous to pay this enormous penalty, and go to those northern markets from which it is the whole source

of your legislation to exclude them, than to go to the miserable domestic market to which you wish to confine them, without paying any penalty at all. And, Sir, as long as cotton, tobacco, or rice continue to be produced for exportation, this must continue to be the case. It is utterly impossible to exclude the importation of protected articles, to whatever extent you may carry your duties, until you have destroyed the business of rearing staples for exportation. No proposition is capable of clearer proof than this, and yet few are so little understood. I will endeavor to make it plain. When the tariff of 1828 was passed, almost every body believed it to be prohibitory, as to most of these articles which were subject to as high a duty as fifty per cent. It was, in fact, temporarily so, as to many articles. But as soon as the distribution of the precious metals, or their substitutes, became adjusted and proportioned to this new state of things, importations were freely resumed and a large amount of protected articles came in, at an average of nearly fifty per cent., as had come in before at the lower rates of the former tariff.

The whole experience of the country has, in fact, been but a practical illustration of the view I have here presented.

After the passage of each successive tariff, importations have been for a time diminished, and the manufacturers have been satisfied. But after the lapse of a few years, the importations become as great as ever, and the manufacturers become as clamorous for additional protection. By a singular fatality, illustrating the pernicious connection between the Presidential election and the tariff, the protection of each successive tariff has only been deemed sufficient for four years, and the necessity of increasing it; has always become apparent just in the midst of the canvass for the Presidency. But however this may be, certain it is, that a clamorous demand for protection has been made at every interval of four years since the tariff of 1816; and but for the extraordinary state of the country, I think it not improbable that a similar demand would have been made now. These facts satisfactorily prove that no rate of duties that will not prohibit the exportation of our southern staples, can prohibit, for any length of time, the importation of those manufactures which are now imported in exchange for them. If you were to raise average of duties to 60 per cent. to-morrow in less than twelve months nearly the same amount of manufactures would be imported as is imported now, unless the exportation of southern staples should be cut off or curtailed by it. How can it be otherwise?

How is it possible that cotton, tobacco, and rice, can be exported, if something required for our national consumption be not received for it from foreign nations? The nonsensical idea of importing specie, the most absurd of all the follies of the mercantile system, can now find no advocates. It is neither more nor less than the old Spanish policy of making the nation wealthy by hoarding specie, exhibited in a different but much more efficient form than that in which it was once exhibited by Spain. She attempted to prohibit, by penalties, the exportation of specie; you do that which is more effectual, by forcing its importation and then prohibiting the importation of anything which can give rise to exportation of it.

If the planters of the south should be weak enough to attempt to enrich themselves and the nation by receiving the annual amount of their staples in specie, from foreign countries, they would exhibit the folly and fatuity of the wretched miser who perishes amidst the hoards of his treasure for the want of food.

What, then, can they receive for their staples? If you exclude the protected articles, the whole amount of our national imports would not amount to more than one-half the value of the southern staples; and these are principally imports which are now received in exchange for the productions of other parts of the Union, to an amount fully equal to the consumption of the country.

When I presented these views of the unequal operation of the protecting system, two years ago, they were denounced as novel and visionary theories.

I will now produce the authority of the two writers I have already quoted, to sustain the doctrine just laid down, as to the effect of commercial restrictions in changing the value of the precious metals.

Professor Senior says: "They cannot deny that the commodities they would exclude must be given to us gratuitously, or in exchange for our own produce or for money. The first supposition, granting we could be sufferers by it, is too absurd even for the reasoners whom I am describing. If they adopt the second, they must admit that the loss to the producers whose exports we indirectly prohibited, balances the gain to those whom we forcibly encourage, leaving the loss to the public uncompensated. They are driven, therefore, to maintain that the payment would be in money, and to suppose that such a payment could be continued, and would be an evil, is the mercantile theory."

Again: "I will suppose that all the protecting duties with which we have clogged our commerce with France, are suddenly removed, and that the removal is immediately followed by an increased importation of French commodities to the amount of five millions sterling. And I will suppose the commercial restrictions, on the part of France, to remain unaltered. I will suppose, too, that the five millions in question are actually remitted in money. It is admitted that the afflux of so large a sum from England, and its influx into France, must sink all English prices, and occasion a general rise of prices in France. Indeed, if it did not, the transaction would be one of pure benefit to

England, and of pure loss to France. As money is not a source of gratification, but a mere instrument of commerce, if our prices were not affected by paying with a portion of our money, we should be insensible of our loss; or rather we should have sustained no loss whatever, and have gained the five millions worth of French commodities without any real sacrifice, while France would have parted with those commodities and received no sensible equivalent."

The case put by the author, it will be seen, is the counterpart of that by which I illustrated the effect of our restrictions upon the value of money. The same argument, however, which shows that the repeal of restrictions would cause money to flow out of the country, and rise in value, equally prove, that the imposition of restrictions would cause money to flow in and sink in value.

Mr. Ricardo, one of the most distinguished of the practical economists of Europe, lays down these principles:

"Gold and silver having been chosen for the general medium of circulation, they are, by the competition of commerce, distributed in such proportions amongst the different countries of the world, as to accommodate themselves to the natural traffic which would take place if no such metal existed, and the trade between countries were purely a trade of barter."

"Now, suppose England to discover a process for making wine, so that it should become her interest rather to grow it than to import it, she would cease to manufacture cloth for exportation, and would grow wine for herself. The money price of these commodities would be regulated accordingly. Cloth would continue for some time to be exported from this country, because its price would continue to be higher in Portugal than here; but money, instead of wine, would be given in exchange for it, till the accumulation of money here, and its diminution abroad, should so operate on the relative value of cloth in the two countries, that it would cease to be profitable to export it."

"It is thus that the money of each country is apportioned to it in such quantities only as may be necessary to regulate a profitable trade or barter."

"But the diminution of money in one country, and its increase in another, do not operate on the price of one commodity only, but on the prices of all."

"This higher value of money will not be indicated by the exchange; bills may continue to be negotiated at par, although the prices of corn and labor should be 10, 20, or 30 per cent. higher in one country than another."

"When each country has precisely the quantity of money which it ought to have, money will, not indeed be of the same value in each, for, with respect to many commodities, it may differ 5, 10, or even 20 per cent. but the exchange will be at par."

Here, Sir, is a distinct recognition of the principles for which I am contending, as it regards the distribution of money amongst different nations, and the changes produced in its value by the increase or diminution of its quantity. The cases stated, by way of illustration, are not precisely analogous to our case; but I feel warranted in saying, that if this were submitted to these authors, the principles they have laid down would induce them to pronounce the same opinion in relation to it which I have endeavored to present.

It is distinctly affirmed that the accumulation of money depresses its value; and as all commercial restrictions upon imports while exports are free, must not only cause an accumulation of money, but permanently retain it as long as the restriction continues, it follows that the price, or, more properly, the exchangeable value of exports must be permanently diminished in the precise degree that the value of specie is depreciated.

This view of the subject furnishes a complete and satisfactory solution of a puzzling difficulty which many persons cannot get over, and which may appropriately be denominated the *Pons Asinorum*, of this great controversy.

When it is contended that the protecting duties do not fall exclusively upon the consumers, but partly upon producers of the exports, and partly on the consumers of imports, every merchant's clerk is ready with the reply, that, as the importing merchant must add the duty as well as his usual profits to the cost of every import, it necessarily follows that the consumer must pay the duty.

Now, it is admitted, that the importing merchant must increase the money price for which he sells a foreign manufacture, so as to indemnify himself for the duty paid on it; but we have seen that this enhanced money price is produced in part by the depreciation in the value of money. In whatever degree the increased price of protected articles arises from this depreciation in the value of money, all other commodities, in the same market or commercial community, will experience a corresponding increase of price.

It is not true, therefore, as is sometimes supposed, that the northern farmers and laborers are as much oppressed by the protecting system as the people of southern States, or other than the planters. Experience confirms the conclusions of theory on this subject. Whenever increases the prosperity and profits of the great and leading employments of capital in any community, has always been found to increase the prosperity and profits of all subordinate employments, as well as the wages of labor. It is obvious that, in the same local community, where the transfer of capital and labor from one employment to another, is easily effected, there cannot long continue different rates of profit and wages of labor. The truth of this remark will strike the commonest observer. But the precise mode in which this equality of profits and wages is produced, is not so obvious. If, for example, pro-

ducting duties enhance the money price of the various manufactures upon which they are laid; to the full extent of these duties, they, at the same time, enhance the price of all other articles in the manufacturing region, though not to so great an extent. In whatever degree the rise of the price of protected manufactures is produced by the increased quantity and diminished value of money, in that degree all other articles in the same region of country are enhanced also. While, therefore, the price of manufactures is increased 40 or 50 per cent., by the protecting duties, the price of all farming productions is probably increased twenty-five or thirty per cent. It results that the burden imposed upon the northern consumers, is only the difference between the price of the protected, and the unprotected productions of that part of the Union. For the same reason, that the prosperity of the north produces a corresponding prosperity in the other classes, there, the depressed condition of the southern planters must produce a corresponding depression in all the subordinate departments of southern industry. The protecting duties have a double operation upon them. They, at the same time, diminish the price of their great staples, and increase the price of all the articles they have occasion to purchase from other parts of the Union.

I will now inquire what is the aggregate effect of the whole protecting system on the two great subdivisions of the Union, the planting and the manufacturing States. Assuming the average rate of protecting duties at 40 per cent., (though it is in fact more,) and setting down the southern exports at thirty-five millions of dollars, we have the sum of fourteen millions of dollars as the amount of the revenue annually levied from the productions of the planting States, of which more than one half is transferred as a tribute to the manufacturing States. But the actual extent of the transfer of wealth which takes place, annually, from the south to the north, cannot be fully realized until we take into the estimate the exchanges between those two sections, as well as our foreign exchanges.

The whole amount of the southern staples which we sell to the manufacturing States, cannot amount to less than six millions of dollars. Cotton alone, by the estimate of the manufacturers, amounts to more than that sum. While we certainly obtain no greater money price for our staples in this exchange, in consequence of the protecting duties, we as certainly give from twenty-five to fifty per cent. more for all articles we receive. The amount of the direct annual tribute levied upon the south, in this internal trade, is not less than two millions of dollars. The estimate of the Committee of Ways and Means is much too small.

As to this burthen, there can be no mistake; for it is certain that the money price of the articles we receive from the north; for the staples there consumed, is increased to the amount of at least two millions by the protecting duties, and it is as certain that the money price of cotton, tobacco, and rice, is not increased at all, but rather diminished by those duties.

Upon the whole, then, the annual production of the three great agricultural staples of the south, consumed both abroad and at home, amounts to at least forty millions of dollars. The effect of the protecting system, as we have seen, is to depress the exchangeable value of this whole amount of production, as compared both with the manufactures of the north, and with foreign manufactures, in the exact degree that it enhances the prices of those manufactures. In other words, upon all the exchanges of the planters, at home and abroad, they pay an average of forty per cent. more for what they purchase, while the price of their staples is not at all increased; and this unequal state of their exchanges is exclusively produced by the protecting duties.

Sir, this is no picture of the imagination; it is a plain analysis, a strict business view of our condition. And I do not know any language by which I can better describe the aggregate operation of the protecting system upon the different sections of this Union; than to say it is an annual legislative draft upon the productive industry of the planting States, in favor of the manufacturing States, for between ten and fifteen millions of dollars, signed by the presiding officers of the two Houses, and countersigned by the President of the United States.

Having now explained the agency of money in the exchanges of foreign commerce, and its tendency to disguise the actual operation of the protecting system, the committee will the more readily perceive the force and propriety of the illustrations which have been adduced, to prove the great inequality and injustice of that system.

The reason is now apparent why import duties have been erroneously supposed to operate differently from excise duties, upon the producers and consumers of the articles subjected to these respective duties.

If, for example, a discriminating excise duty were levied upon the producers of one-third part only of the cotton manufactures of the United States, every body would admit that almost the whole burthen of this duty would fall upon the producers of the proscribed manufactures. The exemption of the other two-thirds from taxation, would render it obviously impossible to throw the burthen of the duty on the consumers.

Now, this is equally true of import duties levied upon foreign manufactures, while domestic manufactures of the same kind, and of twice the amount, are exempted from duties. And the reason why it is not equally apparent, is, that, as excise duties operate upon domestic exchanges, there is nothing in the transaction that brings an increased quantity of money into the market.

Every body sees, that, in the case of such duties, the price of the articles cannot be increased, as much as in the case of import duties, and the principal burthen must be borne by the producer.

If money were not admitted as a medium of exchange, from foreign countries, and if the quantity of it in the United States remained the same after the imposition of a protecting duty, as before it would be equally apparent, as in the case of excise duties, that the producers must bear most of the burthen. The very first effect of a protecting duty, in such a state of things, would be a plain palpable drain in the price of the staples of exportation. The United States, almost exactly proportioned to the duties, while the money price of the protected articles would remain unchanged. The unchangeable value of the staples of exportation would be no more diminished than it is now, but it would be more obvious, from being indicated by a fall in the money price of these staples, instead of a rise in the money price of protected manufactures.

For the purpose of embodying these principles in a practical illustration, and of demonstrating that partial and discriminating duties upon a portion only of the national consumption must operate as taxes upon production, I will suppose that one-third part of each and every article consumed in the United States were produced south of the Potomac, and the other two-thirds north of that river. I will, moreover, suppose that a political economist were to rise up in the north, and propose that the whole amount of the federal taxes should be levied by excise duties upon that third of the various articles of our consumption which was produced south of the Potomac. He would be as no less for arguments to sustain this proposition, as a just and equal scheme of taxation, if it be true that the whole burthen of indirect taxes falls upon the consumers. He could truly allege that it would be much more economical to collect the duties from one-third part of the Union than from the whole, inasmuch as only one-third of the number of revenue officers would be required; and if it would be an equal and just system, its economy should be decisive in its favor.

Let us now dispassionately examine its true operation, assuming that the productions of the south amount to sixty millions, and those of the north to one hundred and twenty millions, and that an excise duty of forty per cent. should be levied on the former, yielding an annual revenue of twenty-four millions of dollars. Taking the article of shoes as an example, and assuming that twelve millions of pairs should be annually consumed in the United States, averaging the value of one dollar each, it would follow, from the supposition, that the southern States would produce four millions of these pairs, and that the northern shoemakers would pay excise duties to the amount of one million six hundred thousand dollars. Now, it is maintained, that all duties fall upon the consumers, and consequently that the southern producers of shoes would have no more cause to complain of these partial duties than any other class of people, as all must be equally the wearers and consumers of shoes. It is evident that the consumers of the south would be subject to no greater burthen, as consumers, than those of the north, for the price of southern made shoes could not be any higher than that of northern made shoes in the same common market; there could not be two prices for the same quality of shoes. The whole result would consequently be, that the consumers of the north and of the south would pay the very same price for shoes, and be subject to the very same burthen in consequence of this duty. But the southern shoemakers, it is obvious, would pay taxes to the amount of one million six hundred thousand dollars while those of the north would pay none at all. Here, then, would be a specific tax of one million six hundred thousand dollars levied on the producers of shoes in the south, diminishing the annual income of that section of the Union precisely to that extent, as compared with the income derived by the northern section from the same quantity of the same kind of labor. The course of reasoning which I have applied to shoes, will equally apply to every other article; and, it will follow, that the grand aggregate of this scheme of partial and discriminating excise duties, would be to throw the entire burthen of federal taxation upon the southern States, though the consumers of both sections would be equally affected by it. It would be exclusively a tax upon the producers, and would be in no respect less unjust and oppressive than if the same sum were levied, by a poll tax, upon the shoemakers, and the various other producing classes of the southern States.

Now, Mr. Chairman, if that scheme of adjusting the tariff should prevail, which proposes to repeal all the duties on unprotected articles, and levy the whole federal revenue by import duties upon those articles which are obtained from abroad in exchange for cotton, tobacco, and rice, we shall have the very system which I have described, to all substantial intents and purposes—the only difference will be in the name. In the one case as in the other, the entire burthen of federal taxation will be thrown upon the southern States, as if the revenue were exclusively raised by an excise duty upon cotton, tobacco, and rice, at the moment of their passing from the warehouse of the planters.

I pronounce it to be utterly impossible for the ingenuity of man to devise a plan of raising revenue more unjust and unequal in its operation upon the exporting States of this confederacy.

(To be Continued.)

The following notice is fixed up at a coach office in Paris: "Passengers are requested, if they get down, not to walk faster than the coach."

